



GOV. MSG. NO. 1276

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 30, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 30, 2015, the following bill was signed into law:

HB252 HD1 SD2 CD1

RELATING TO PHARMACY BENEFIT
MANAGERS
ACT 175 (15)

Sincerely,

A handwritten signature in black ink, appearing to read "David Y. Ige".

DAVID Y. IGE
Governor, State of Hawai'i

RECEIVED
SENATE
OFFICE OF THE PRESIDENT

'15 JUL -1 A9:01

RECEIVED
THE SENATE
CLERK'S OFFICE
STATE OF HAWAII

'15 JUL -1 P3:13

[Handwritten signature]

A BILL FOR AN ACT

RELATING TO PHARMACY BENEFIT MANAGERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Chapter 328, Hawaii Revised Statutes, is amended by adding a new section to part VI to be appropriately designated and to read as follows:

"§328- Pharmacy benefit manager; maximum allowable cost."

(a) A pharmacy benefit manager that reimburses a contracting pharmacy for a drug on a maximum allowable cost basis shall comply with the requirements of this section.

(b) The pharmacy benefit manager shall include the following in the contract information with a contracting pharmacy:

(1) Information identifying any national drug pricing compendia; or

(2) Other data sources for the maximum allowable cost list.

(c) The pharmacy benefit manager shall make available to a contracting pharmacy, upon request, the most up-to-date maximum allowable cost price or prices used by the pharmacy benefit manager for patients served by the pharmacy in a readily



1 accessible, secure, and usable web-based or other comparable
2 format.

3 (d) A drug shall not be included on a maximum allowable
4 cost list or reimbursed on a maximum allowable cost basis unless
5 all of the following apply:

6 (1) The drug is listed as "A" or "B" rated in the most
7 recent version of the Orange Book or has a rating of
8 "NR", "NA", or similar rating by a nationally
9 recognized reference;

10 (2) The drug is generally available for purchase in this
11 State from a national or regional wholesaler; and

12 (3) The drug is not obsolete.

13 (e) The pharmacy benefit manager shall review and make
14 necessary adjustments to the maximum allowable cost of each drug
15 on a maximum allowable cost list at least once every seven days
16 using the most recent data sources available, and shall apply
17 the updated maximum allowable cost list beginning that same day
18 to reimburse the contracted pharmacy until the pharmacy benefit
19 manager next updates the maximum allowable cost list in
20 accordance with this section.



1 (f) The pharmacy benefit manager shall have a clearly
2 defined process for a contracting pharmacy to appeal the maximum
3 allowable cost for a drug on a maximum allowable cost list that
4 complies with all of the following:

5 (1) A contracting pharmacy may base its appeal on one or
6 more of the following:

7 (A) The maximum allowable cost for a drug is below
8 the cost at which the drug is available for
9 purchase by similarly situated pharmacies in this
10 State from a national or regional wholesaler; or

11 (B) The drug does not meet the requirements of
12 subsection (d);

13 (2) A contracting pharmacy shall be provided no less than
14 fourteen business days following receipt of payment
15 for a claim to file the appeal with the pharmacy
16 benefit manager;

17 (3) The pharmacy benefit manager shall make a final
18 determination on the contracting pharmacy's appeal no
19 later than fourteen business days after the pharmacy
20 benefit manager's receipt of the appeal;



1 (4) If the maximum allowable cost is upheld on appeal, the
2 pharmacy benefit manager shall provide to the
3 contracting pharmacy the reason therefor and the
4 national drug code of an equivalent drug that may be
5 purchased by a similarly situated pharmacy at a price
6 that is equal to or less than the maximum allowable
7 cost of the drug that is the subject of the appeal;
8 and

9 (5) If the maximum allowable cost is not upheld on appeal,
10 the pharmacy benefit manager shall adjust, for the
11 appealing contracting pharmacy, the maximum allowable
12 cost of the drug that is the subject of the appeal,
13 within one calendar day of the date of the decision on
14 the appeal and allow the contracting pharmacy to
15 reverse and rebill the appealed claim.

16 (g) A contracting pharmacy shall not disclose to any third
17 party the maximum allowable cost list and any related
18 information it receives, either directly from a pharmacy benefit
19 manager or through a pharmacy services administrative
20 organization or similar entity with which the pharmacy has a
21 contract to provide administrative services for that pharmacy."



1 SECTION 2. Section 328-91, Hawaii Revised Statutes, is
2 amended by adding three new definitions to be appropriately
3 inserted and to read as follows:

4 "Maximum allowable cost" means the maximum amount that a
5 pharmacy benefit manager shall reimburse a pharmacy for the cost
6 of a drug.

7 "Maximum allowable cost list" means a list of drugs for
8 which a maximum allowable cost has been established by a
9 pharmacy benefit manager.

10 "Obsolete" means a drug that may be listed in a national
11 drug pricing compendia but cannot be dispensed based on the
12 expiration date of the last lot manufactured."

13 SECTION 3. This Act does not affect rights and duties that
14 matured, penalties that were incurred, and proceedings that were
15 begun before its effective date.

16 SECTION 4. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 2015.

APPROVED this 30 day of JUN, 2015

David Y. Ige

GOVERNOR OF THE STATE OF HAWAII

